

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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FOR RELEASE February 8, 1960

Statistical Release No. 1659. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended February 5, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959 - 1960, is as follows:

	1939 = 100		Percent Change	1959 - 1960	
	2/5/60	1/29/60		High	Low
Composite	405.6	403.2	+0.6	441.3	400.1
Manufacturing	497.6	495.7	+0.4	554.2	490.7
Durable Goods	477.2	474.4	+0.6	527.7	457.8
Non-Durable Goods	506.8	505.5	+0.3	570.1	505.5
Transportation	311.7*	313.8	-0.7	371.6	311.7
Utility	219.5	216.1	+1.6	231.8	207.1
Trade, Finance & Service	417.9	414.7	+0.8	447.3	382.7
Mining	282.8*	284.7	-0.7	360.4	282.8

*New Low

GERSHEN CHARGED WITH SECURITIES VIOLATIONS. The SEC today announced the institution of consolidated proceedings under the Securities Exchange Act of 1934 to determine whether Ronald I. Gershen violated the anti-fraud provisions of the Federal securities laws in connection with the sale of Belmont Oil Corporation stock and, if so, whether it is in the public interest to revoke the broker-dealer registration of Ronald I. Gershen, doing business as R. I. Gershen Co., and to deny an application for broker-dealer registration filed by R. I. Gershen & Co., Inc., both of 2331 Ocean Avenue, Brooklyn, New York.

Gershen has been registered with the Commission as a broker-dealer since August 23, 1959. The corporation applied for registration on January 7, 1960; and the application names Gershen as president and beneficial owner of more than 10% of its stock.

According to the Commission, information developed in an investigation conducted by its staff tends to show that, during the period March to August 1959 and while employed as a salesman of H. G. Stolle & Company, Gershen "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons" in that he induced such persons to purchase Belmont stock by means of false and misleading representations of material fact. The misrepresentation related to anticipated increases in the price of Belmont stock, the comparability of Belmont's future with that of major oil companies, the oil holdings and resources of Belmont, the opportunity of original Belmont stockholders to buy stock in the company at a reduced price, and the length of time Stolle had been in business.

A hearing is to be held at 10:00 A.M. on February 11, 1960, in the Commission's New York Regional Office for the purpose of taking evidence with respect to the foregoing and to determine, initially, whether it is in the public interest to postpone the effective date of registration of R. I. Gershen & Co., Inc.

L & L SCRAP IRON OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by L & L Scrap Iron Corporation, of Reno, Nevada.

In its notification, filed June 13, 1958, the Corporation proposed the public offering of 300,000 shares of common stock at \$1 per share pursuant to a Regulation A exemption. The Commission's suspension order charges a failure to comply with a requirement of the Regulation for the filing of a revised offering circular. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

MISSILE ELECTRONICS PROPOSES OFFERING AND SECONDARY. Missile Electronics, Inc., 89 West 3rd St., New York City, filed a registration statement (File 2-16096) with the SEC on February 5, 1960, seeking registration of 214,500 shares of common stock, to be offered for public sale at \$3 per share. Of this stock, 200,000 shares are to be offered for sale by the issuing company and 14,500 shares (not outstanding) by the

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holders thereof. The offering is to be made on a best efforts basis by Pleasant Securities Company of Newark, N. J., which will receive a selling commission of 60¢ per share, plus an additional 15¢ per share for expenses. The underwriter also has received a three-year option to purchase an additional 20,000 shares at 1¢ per share, at the rate of one share for each ten shares sold, and has purchased 10,000 shares at 1¢ per share.

The company was organized under Delaware law in November 1959 to engage in the design, manufacture and sale of electronic, mechanical and other equipment pertaining to rockets, missiles, space vehicles and satellites, and other equipment and components of an electronic nature. It is said to be the exclusive licensee of Missile Dynamics, Inc., under nine U. S. patents in this field and in addition owns exclusively the use and production rights under this same license to any further patents or developments resulting from about fourteen new research and development projects now under way at Missile Dynamics. It is also negotiating for rights to certain other products in the civilian consumer field as well as for other patents pertaining to the military field in electronics. The company has a two-year lease on its present quarters; and it intends to sell technical products nationally and internationally through manufacturers' representatives as well as with the aid of its own executives. Of the net proceeds of this financing, \$150,000 is to be used for machinery and equipment; \$100,000 as a reserve for investigation and prosecution of patent infringements; \$100,000 for research and development; \$90,000 for working capital; and \$40,000 for expenses of the offering. (NOTE: The prospectus does not reconcile the proposed expenditures aggregating \$480,000 against the \$320,000 estimate of net proceeds of the stock sale.)

The company now has outstanding 240,750 common shares, of which Hamilton Hoge, president, owns 200,000 shares, which were issued to him in exchange for the license agreement with Missile Dynamics. The 14,500 shares are to be sold by six other shareholders.

EMPLOYERS REINSURANCE PROPOSES RIGHTS OFFERING. Employers Reinsurance Corporation, 21 West Tenth St., Kansas City, Mo., today filed a registration statement (File 2-16097) with the SEC seeking registration of 100,000 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each share held. The record date, subscription price and underwriting terms are to be supplied by amendment. Stern Brothers & Co. is listed as the principal underwriter.

According to the prospectus, the volume of premiums written by the company has increased substantially in recent years; and the purpose of the proposed sale of stock is to provide additional capital funds which the management believes to be advisable by reason of past and possible future increases in the volume of premiums written.

COURT ORDER ENJOINS DELTA OIL STOCK SALE. The SEC Fort Worth Regional Office announced February 4, 1960, the entry of a Federal court order (USDC, Houston) permanently enjoining the sale of Delta Oil Company of Utah stock by Delta Oil, Earl L. Robbins and Jack L. Cayias in violation of the Securities Act registration requirement. Robbins was also enjoined from violating anti-fraud and other provisions of the Federal securities laws (charges included transactions with customers at 166.7% "mark-ups"). (Lit. Release 1575)

B. H. KYGER CONVICTED. The SEC Fort Worth Regional Office announced February 5, 1960, that Bryan H. Kyger, Jr., was convicted by a Federal jury in Houston on charges of defrauding customers in violation of the Federal securities laws and mail fraud statute. (Lit. Release 1576)

FRANCIS MOULTON SENTENCED. The SEC Boston Regional Office announced February 5, 1960, that Francis A. Moulton had received a two-year prison sentence following his plea of guilty to charges of fraud in the sale of stock of Francis Distributing Company, Inc., and B. C.-Yukon Mining Exploration Ltd. (Lit. Release 1577)